THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) A target of 18% Net Bank Credit (NBC) has been stipulated for lending to agriculture sector by private banks. Further, Government of India has announced doubling of credit flow to agriculture in three years by 2006-07 for all banks.

(c) Most of the private banks could not achieve the target of lending 18% of NBC to agriculture for the year 2004-05. They extended only 12.1 % of NBC to agriculture for the period. However, private sector commercial bank reported disbursement of Rs. 8276.32 crore during the year 2004-05 and a target of 30% growth over the annual disbursement has been set for them for the year 2005-06.

(d) The domestic scheduled commercial banks, both in the public and private sector, having shortfall in lending to priority sector/agriculture, are required to deposit the amounts allocated to them by Reserve Bank of India into Rural Infrastructure Development Fund (RIDF) established with NABARD. As a measure of disincentive for non-achievement of agricultural lending target, the rates of interest on the deposits made to RIDF by the contributing banks has been lowered and are charged in inverse proportion to the extent of shortfall in the agricultural lending *vis-a-vis* the stipulated target of 18%.

Swapping of high cost loans of States

1643. SHRI MURLI DEORA: Will the Minister of FINANCE be pleased to state:

(a) whether the Twelfth Finance Commission had recommended swapping of high cost debts in favour of low cost securities;

(b) if so, the names of States which adopted this method and how far it helped them to reduce their debts;

(c) the outstanding liabilities of each State at present; and

(d) what remedial measures States have taken to reverse the trend?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No, Sir. However, Government of India announced the Debt Swap Scheme in the year 2002 in order to help the States to address the problem of mounting burden of interest. Under this scheme, Government of India had allowed the States to swap their high cost loans carrying rate of interest of 13% and above with Current low coupon bearing small saving loans and open market borrowings.

(b) During 2002-03, twenty six States participated in the scheme. Two States *viz.* Maharashtra and West Bengal did not participate during 2002-03, these two States had participated in the scheme from 2003-04 to 2004-05. Rs. 102033.59 crore of high cost loans were swapped during 2002-05.

(c) Statement is annexed (See below).

(d) States have taken measures for revenue augmentation and expenditure rationalization to contain Fiscal Deficit.

Statement

Details of the outstanding liabilities of each State at the end of March, 2005 *(BE)*

(Rs. in crore)

	Name of the State	Total Outstanding Liabilities
1.	Andhra Pradesh	66392
2.	Arunachal Pradesh	1636
3.	Assam	18887
4.	Bihar*	55654
5.	Goa	3811
6.	Gujarat	60408
7.	Haryana	21907
8.	Himachal Pradesh	14929
9.	Jammu & Kashmir	12984
10.	Karnataka	41649
11.	Kerala	40420
12.	Madhya Pradesh*	53376
13.	Maharashtra	84114
14.	Manipur	2710
15.	Meghalaya	1868
16.	Mizoram	2147
17.	Nagaland	3609
18.	Orissa	38085
19.	Punjab	46196
20.	Rajasthan	56580
21.	Sikkim	1063
22.	Tamil Nadu	53887
23.	Tripura	4256
24.	Uttar Pradesh*	114737
25.	West Bengal	95246
	TOTAL:	896551

*The States of Bihar, Madhya Pradesh and Uttar Pradesh include the liabilities of newly
formed States i.e. Jharkhand, Chhattisgarh and Uttaranchal respectively.

Source: State Finances—A Study of Budgets of 2004-05 of RBI.